

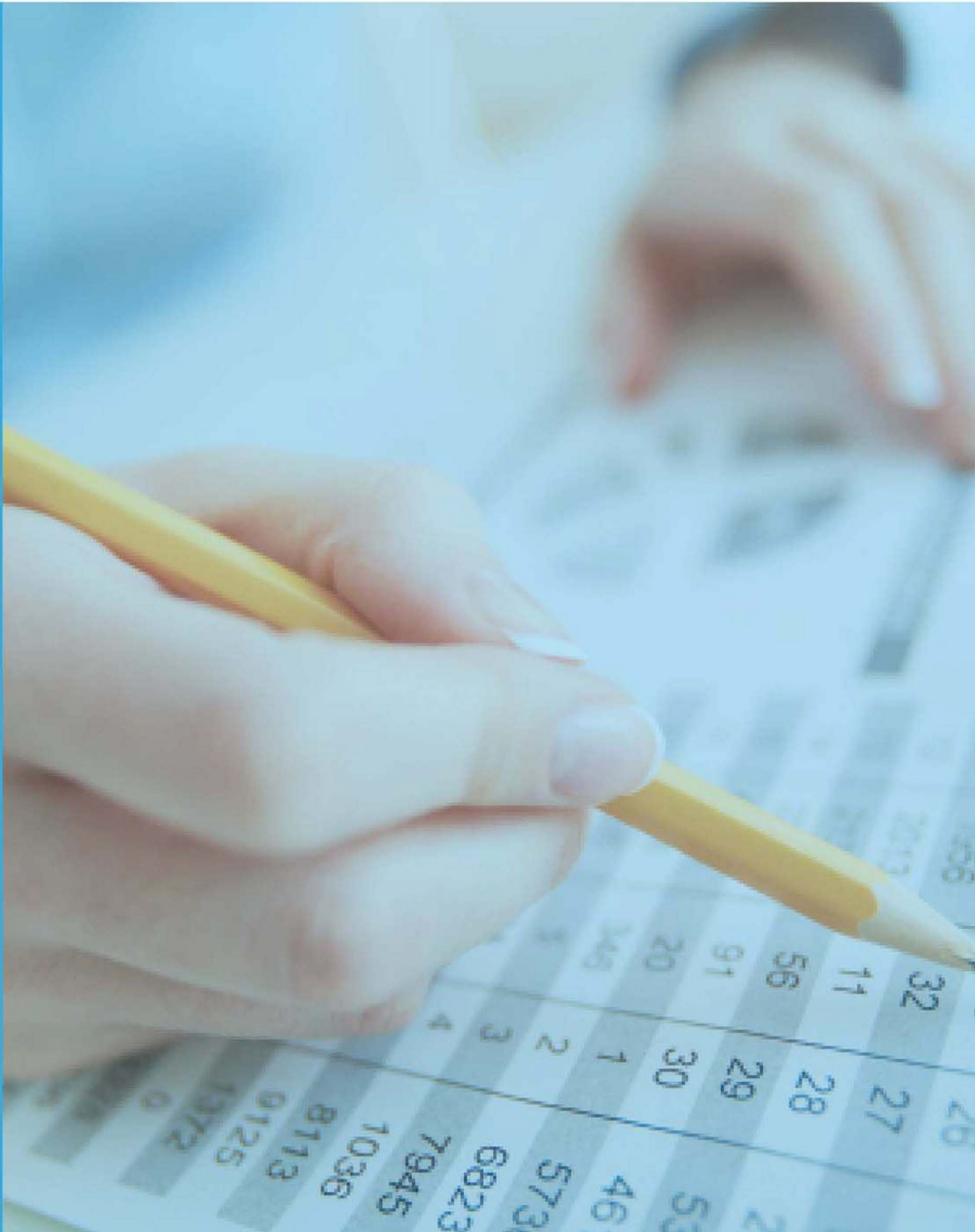
Let us worry...



... about what is beneath the surface

OUTSOURCED LEGAL CASHIERING

**HOW TO REDUCE COSTS, ENSURE COMPLIANCE
AND BECOME MORE EFFICIENT.**



+ CONTENTS

- + Foreword
- + What is outsourced legal cashiering?
- + Pros & cons of outsourced legal cashiering
- + Weighing up the cost of outsourcing
- + How secure is outsourced legal cashiering?
- + Choosing an outsourced legal cashier
- + In conclusion
- + About The Cashroom

+ FOREWORD

An increasingly strict regulatory regime and a rise in challenger firms have changed the legal sector forever. Furthermore, with many law firms in England and Wales registering as Alternative Business Structures (ABS), there has been a rise in non-lawyer experts taking on management roles.

What's more, as these non-lawyers are applying tried and tested business techniques to help their firms succeed, traditional firms are having to adopt a similar business-like management approach to keep up.

One way that savvy firms are choosing to innovate and respond to change is by outsourcing essential business tasks. In particular, legal cashiering is one back-office function that has become increasingly popular to offload.

In this paper, we take a look at the benefits and challenges of outsourced legal cashiering, while addressing the things you must consider before you appoint an outsourcing partner.

In doing this, we hope to show firms across the UK that switching to an outsourced model will do more than help them to survive. Because, through modernising the way they operate, law firms can get ahead of their competitors and thrive in today's challenging legal landscape.



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+ WHAT IS OUTSOURCED LEGAL CASHIERING?

An outsourced legal cashier will provide you with all the legal cashier services typically required by a firm of solicitors.

The difference is that a third party will employ 'your' cashiers, and these people will work remotely from your provider's offices.

TYPICAL LEGAL CASHIERING SERVICES

Among many other things, an outsourced legal cashier will:

- > Process all day to day transactions
- > Set up bank payments
- > Reconcile Office and Client bank accounts daily
- > Perform day and month end routines
- > Prepare and submit VAT returns
- > Assist with VAT inspections
- > Prepare Law Society Certificates and assist with inspections¹
- > Provide information for Accountants' Reports
- > Ensure full compliance with Law Society of Scotland Accounting Rules Solicitors Regulation Authority (SRA)



"Law firms don't fail for lack of profits; they fail for sufficient cash to operate"

Legal Institute for Forward Thinking

¹ This service is only applicable to firms in Scotland

+ TYPES OF FIRM THAT NEED OUTSOURCED LEGAL CASHIERING

MANY TYPES OF FIRM COULD BENEFIT FROM OUTSOURCED LEGAL CASHIERING. INCLUDING:



Sole practitioners up to mid-sized firms



Firms where the cashier has retired (as it can be difficult to recruit cashiers)



Firms where the cashier is going on maternity leave



Firms that are restructuring and dealing with TUPE options



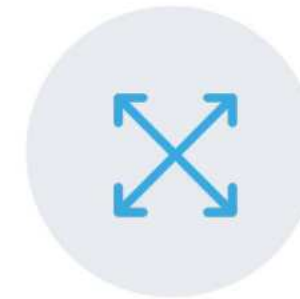
Firms that need help to improve following a Law Society inspection / audit



Firms where the lawyers have been trying to do it themselves and have no real knowledge of the systems and processes required for compliance with the Solicitors Accounts Rules



Forward-thinking firms with a desire to do things differently



Firms looking to scale, without having to constantly recruit, train and manage new staff

+ WHY DO COMPANIES OUTSOURCE?

59%

Reduce or control costs

57%

Focus on core functions

47%

Solve capacity issues

28%

Gain access to expert talent and knowledge

17%

Manage business environment

17%

Accelerate organisational transformation

“Outsourcing to The Cashroom has been painless. So easy to deal with. Accommodating everything that we need to do, when we need to do it, whilst keeping us on the right side of the vast array of regulations.

“We have complete trust in them to ensure our compliance and have a Law Society Inspection Report which proves what a great job they are doing for us.

“We will never have a cashier in our office again.”

Kate Anderson, Director at Masson Cairns



masson cairns
Scottish Solicitors & Estate Agents

+ PROS & CONS OF OUTSOURCED LEGAL CASHIERING

AT A GLANCE

RECRUITMENT

PROS

Removes the hassle of recruiting, training and managing legal cashiers (when there is a general shortage anyway).

Removes the burden of interviewing and assessing candidate quality/integrity.

CONS

Reliant on a third-party to select the best legal cashiers.

STAFF MANAGEMENT

PROS

Removes the need to manage and train in-house staff.

Removes the need to source temporary staff to cover absences.

CONS

Managing a third-party does still require some of your time, especially if your requirements are complicated and you rely on multiple outsourcing partners.

Could be stuck with a service provider; either due to an unfair contract or because of difficulties replacing the service.

Top tip

Look for an outsourced legal cashier used to a multi-party model who will do everything possible to streamline and make things easier for you. You could also simplify your supplier management by using one partner for multiple tasks such as cashiering and management accounts/payroll.

+ PROS & CONS OF OUTSOURCED LEGAL CASHIERING

CONTINUED...

FINANCIAL

PROS

- Provides affordable access to legal cashiers (hiring in-house employees may not be financially viable for smaller firms).
- You only ever pay for the level of service and support you need.
- Ensures a steady cashflow by keeping on top of your bookkeeping.
- Reduces the total cost of employing cashiering personnel.
- Frees up lawyers to spend more time fee-earning and winning new business.

CONS

N/A

EFFICIENCY & PRODUCTIVITY

PROS

- Stops your lawyers from wasting time on non-legal tasks.
- Provides 9-5 real-time cashiering, with support that never takes a break.
- Removes the probability of downtime due to unexpected events (e.g. long-term absenteeism, jury duty, family emergencies, etc.).
- Improves your disaster recovery planning with remote support available whenever you need it.

CONS

- May need to switch some or all of your existing processes.
- Could take time to get you up-and-running, or to get used to the new way of working.

Top tip

When outsourcing, price is always going to be a consideration. But spending money and saving yourself time is more cost-effective in many circumstances.



+ PROS & CONS OF OUTSOURCED LEGAL CASHIERING

CONTINUED...

BUSINESS GROWTH

PROS

Stops you having to waste valuable time correcting accounting errors, and instead, lets you focus on the more lucrative aspects of winning new business, earning fees, and keeping clients happy.

Provides access to the affordable, quality cashiering support needed to challenge the larger players.

Allows you to adapt quickly to rising or slowing demand with access to scalable services.

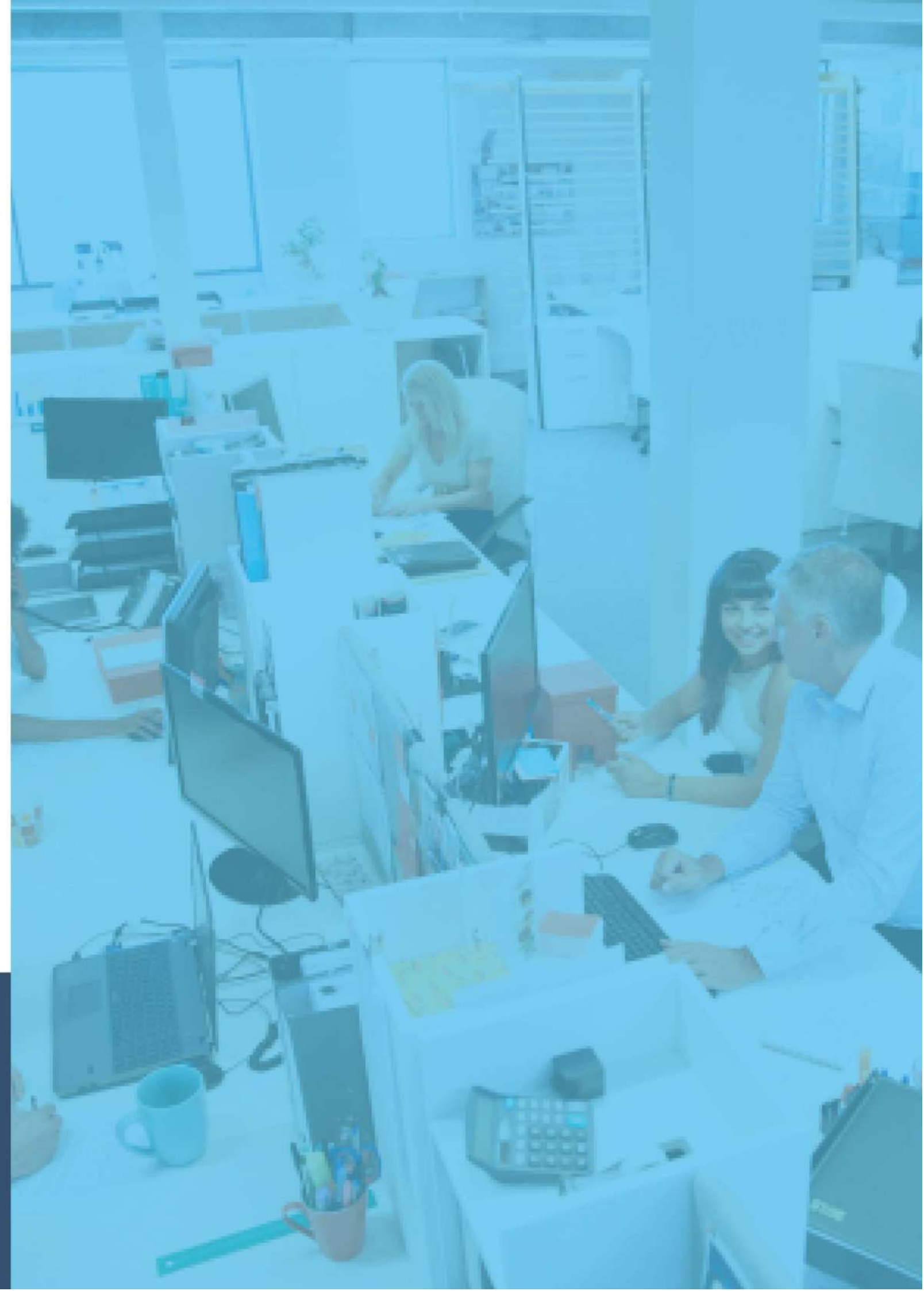
Provides forecasting data which can be used to assess the profitability of certain matters, to intelligently determine opportunities for growth, and to identify legal service areas that are becoming problematic.

CONS

N/A

Top tip

The law is not just a profession; it is also a business. It's vital to keep moving forward as not doing so could allow your competitors to get ahead while you stagnate.



+ CASE STUDY

Cavendish Legal Group (CLG)

The challenge

CLG is a rapidly growing law firm with a mix of high quality corporate and commercial work, and a high-volume conveyancing practice. The firm had an existing team of cashiers but was looking to improve efficiencies and create a cashiering resource which would support its ambitious growth projections.

The solution

It was decided to transfer the cashiering team from CLG to The Cashroom. While the team integrated, everyone worked from the same office with senior Cashroom staff on hand to support and guide the CLG employees as they transferred over. Once established, the team moved to a separate location, and began delivering the service remotely.

The Cashroom also worked with partners at CLG to create more cost-effective and efficient processes.

The result

The project ensured the smooth handover of the service. At the same time, CLG benefited from a number of service improvements and enhanced ways of working.

"The Cashroom offer an invaluable service for any solicitor's firm. Their approach is efficient, professional and responsive. They have allowed us to deal with rapid growth by taking on all accounts functionality.

"The staff at The Cashroom are highly skilled and can deal with all aspects of SAR. They are competitively priced relative to an in-house solution and have been a pleasure to deal with from the start."

**Alexis Brassey, Managing Partner and Notary Public at
Cavendish Legal Group**



+ WEIGHING UP THE COST OF OUTSOURCING

Outsourced legal cashiering can help your law firm to cut down on employment costs. But the financial implications don't stop there. When you consider the total cost, you can save thousands of pounds year-on-year by outsourcing.

IN-HOUSE COSTS



OUTSOURCED COSTS



+ COST BENEFITS OF OUTSOURCING

MAXIMISE YOUR RESOURCE:

Benefit from a cost based on the actual activity and skill level your firm requires, rather than having to fund sufficient senior cashiering resource to deal with complex, high-risk elements, while using that same resource to carry out the more mundane, junior tasks.

IMPROVE YOUR CASHFLOW:

Ensure an up-to-date log of case-related fees and expenses for regular claim back purposes - resulting in a healthier cash flow.

IMPROVE EFFICIENCY & PRODUCTIVITY:

Free your employees to get on with what they do best and benefit from more streamlined processes.

ACCESS EXPERTISE AND INSIGHTS:

Get access to better forecasting data which provides valuable business insights that can be used to identify trends and inform your overall business strategy.

REDUCE YOUR EXPOSURE TO RISK:

An outsourced partner will have invested heavily in security measures and will assume compliance responsibility.

BECOME MORE AGILE:

Scale resource up and down as you need it, without the hassle of hiring and firing employees.

+ CASE STUDY

Simon A Holt (SAH) Solicitors

The challenge

Simon A Holt is a small specialist personal injury law firm based in the North West of England. Its accountants were providing a cashiering service. However, this was not a core service for the accountancy firm, and, as such, they were not able to offer a fully responsive service.

The solution

The firm's accountants recommended The Cashroom. The Cashroom engaged with Simon A Holt to understand its requirements and what it wanted from a fully outsourced cashiering function. The Cashroom liaised with the partner in charge to gather key information and organise appropriate licences and accesses.

The result

A dedicated team and key individuals were provided to the firm. This team was able to provide 9 to 5 daily cover.

"We started to use the legal cashiering services of The Cashroom approximately one year ago and have been completely satisfied with the service provided.

"The Cashroom offers a prompt, efficient, expert service, and staff are always available to answer any queries or concerns we may have. Using The Cashroom has definitely been a good business move, not only because of efficiency but also in relation to compliance which can be daunting at times.

"We would not hesitate to recommend The Cashroom to anyone in need of the services they provide."

Susan Ayre, Partner at Simon A Holt & Co



+ HOW SECURE IS OUTSOURCED LEGAL CASHIERING?

Law firms are a particular target for cyber criminals, not least because of the huge sums of money transacted each day. But criminals are not just looking for financial gains; they are also after the confidential data which is at the crux of the solicitor-client relationship.

OUTSOURCED LEGAL CASHIER SECURITY & COMPLIANCE

PROS

Recognised, certified expertise and experience (vital in such a highly regulated industry).

Reduced likelihood of accounting errors (crucially when you consider the impact these could have on your firm).

Robust processes to ensure compliance with the Solicitors Account Rules and Money Laundering Regulations.

Benefit from a clear audit trail as required by your accountant or inspector.

Will have invested heavily in security measures such as encryption, firewalls, password protection, physical data centre anti-intrusion systems, software updates and back-up procedures.

Difficult for smaller law firms to provide adequate levels of data protection and security.

Inhouse cashiers tend to be on one network, which makes it easier for a hacker to get all the information and access rights they need.

CONS

Concern about a lack of control; especially when it comes to putting your valuable data and finances in the hands of a third-party.

Top tip

Email phishing attacks and technological vulnerabilities are costing law firms millions each year. So, find an outsourcing partner that offers a secure online portal to allow internal and external stakeholders to communicate and share information.

Using an outsourced legal cashier without such a secure portal poses serious security and General Data Protection Regulation (GDPR) risks. Financial and personal information sent to the legal cashier through word processing documents and email could be intercepted and used by cyber criminals causing financial and reputational damage to your firm



+ CHOOSING AN OUTSOURCED LEGAL CASHIER

There are many things to consider when switching to outsourced legal cashiering.
What questions should you ask when selecting a provider?

THE PROBLEM

Don't want to switch your existing systems.

WHAT TO ASK

Can they work with your current setup?

HOW SHOULD THEY ANSWER?

Yes.

A quality outsourced legal cashier should be able to work with your current setup.

For example, The Cashroom has a totally system agnostic approach. This means that firms need not change their systems before benefiting from the service.

THE PROBLEM

Worried about being stuck with a service provider; either due to an unfair contract or because of difficulties replacing the service.

WHAT TO ASK

What happens if I want to end the contract?

HOW SHOULD THEY ANSWER?

Not a problem.

Our contract makes the required notice period clear. And, because we use your systems and you own your data, you can do this without any hassle.

THE PROBLEM

Concerned about 'professional behaviour' on separation.

WHAT TO ASK

Can you provide a reference from a firm which no longer uses your services?

HOW SHOULD THEY ANSWER?

Yes.

Contracts end for many reasons. For example, a merger might remove the need for outsourced services.

Having a firm who has gone through this process vouch for a former provider should put your mind at rest.

THE PROBLEM

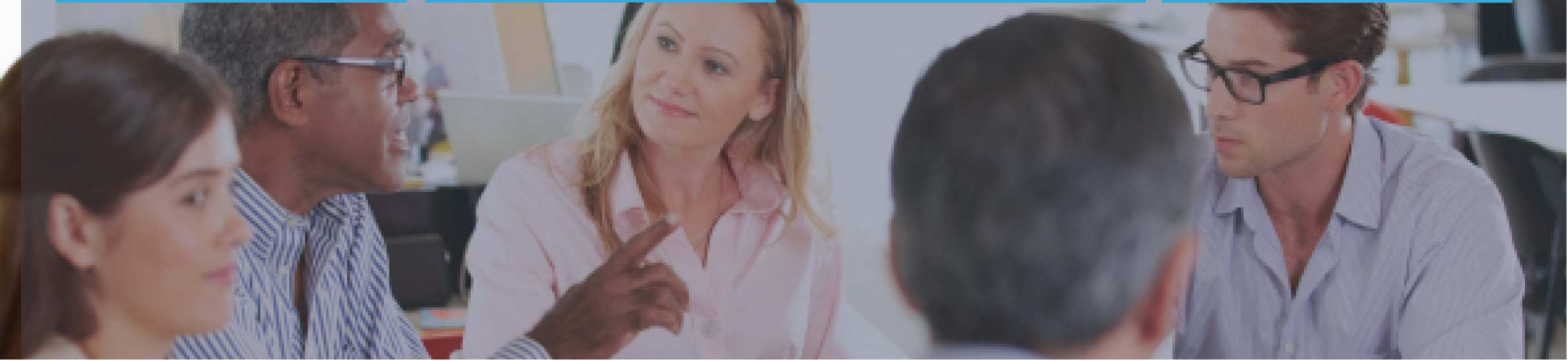
Worried about who will manage your account.

WHAT TO ASK

Will it be a dedicated individual, and, if so, who will cover for sickness or absences?

HOW SHOULD THEY ANSWER?

You will have a dedicated cashier (or more if required), plus backup cashiers.



+ CHOOSING AN OUTSOURCED LEGAL CASHIER

CONTINUED...

THE PROBLEM

Want to ensure compliance and a high-quality service.

WHAT TO ASK

Will specialist legal cashiers support my firm?

HOW SHOULD THEY ANSWER?

Yes.

It is vital that any partner you appoint doesn't just have a firm grasp of accounts, but also possesses an appropriate qualification and has an in-depth understanding of eg. the SRA Handbook, SRA Accounts Rules, Law Society of Scotland Accounts rules, and other relevant guidelines.

THE PROBLEM

Worried about the standard of customer service and support you will receive.

WHAT TO ASK

Can I get a reference from other customers?

HOW SHOULD THEY ANSWER?

Yes.

A few positive words from a happy customer can put your mind at rest and give you confidence in your decision.

THE PROBLEM

Concerns about the agreement you are entering into.

WHAT TO ASK

What are the terms of our contract?

HOW SHOULD THEY ANSWER?

Here is a copy of our agreement.

THE PROBLEM

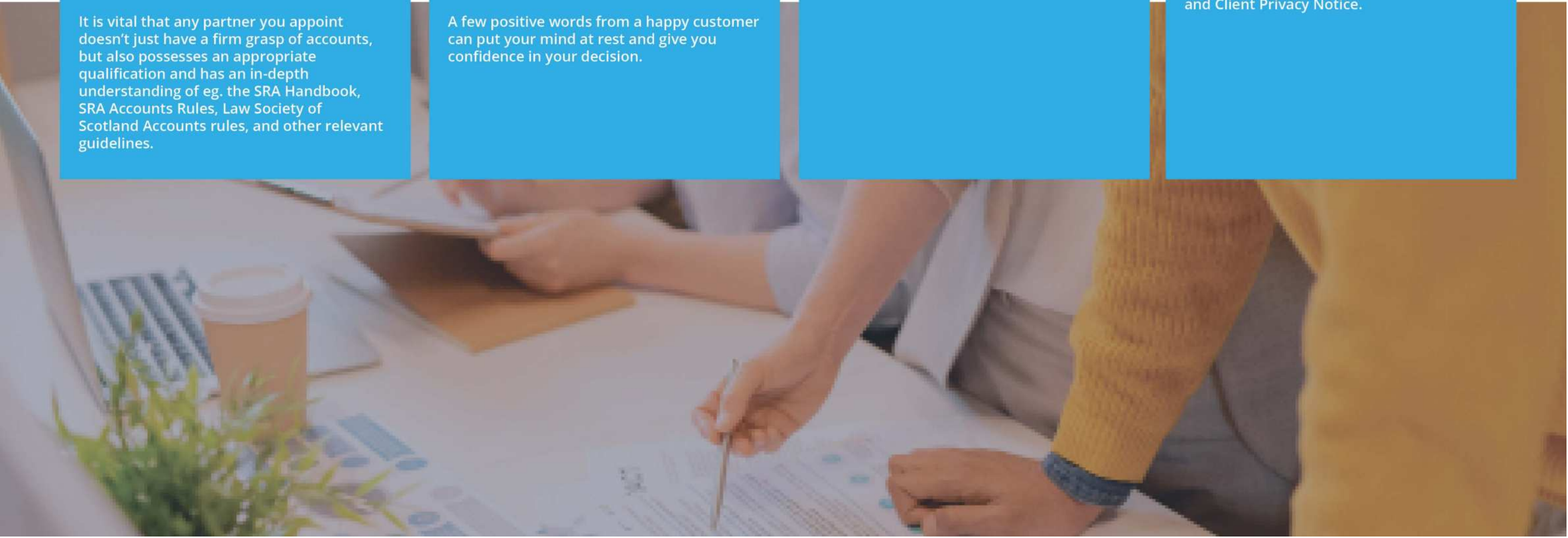
Concerns about data protection and confidentiality.

WHAT TO ASK

How are you dealing with the new data protection regulations?

HOW SHOULD THEY ANSWER?

Here is a link to our Data Protection Policy and Client Privacy Notice.



+ CHOOSING AN OUTSOURCED LEGAL CASHIER

CONTINUED...

THE PROBLEM Concerns about cyber criminals	THE PROBLEM Need to ensure a clear and efficient way to communicate with your outsourcer.	THE PROBLEM Want to ensure minimum impact on your operations.	THE PROBLEM Concerned about managing multiple suppliers or want to streamline your processes.
WHAT TO ASK How do you help to prevent cyber criminals causing financial and reputational damage to our firm?	WHAT TO ASK Do you offer an online portal?	WHAT TO ASK How quickly can you get up and running?	WHAT TO ASK Do you offer any other outsourced services?
HOW SHOULD THEY ANSWER? We offer a secure, end to end encrypted online portal to allow internal and external stakeholders to communicate and share information.	HOW SHOULD THEY ANSWER? Yes. With an online portal, you can eliminate email. All requests are clearly tracked, and progress is monitored via the technology. This means that each task has a clear and easily accessed audit trail (something that becomes extremely time-consuming when using emails alone). This helps to ensure that deadlines are adhered to and communication is clear for all concerned	HOW SHOULD THEY ANSWER? We will get up and running quickly with no downtime or disruption.	HOW SHOULD THEY ANSWER? Yes. For example, more than outsourced cashiering, at The Cashroom we also offer management accounts and payroll support to law firms across the UK.

Outsourcing isn't only available to large firms. More than one-third of small businesses (37%) currently outsource a business process, and more than half (52%) plan to outsource in 2019.²

“We have been using The Cashroom’s services for three years now. We brought them in to provide a secure, efficient, compliant cashiering function to support our growing business with their flexible resource model.

“They have delivered exceptional service with a real personal touch, saving us money but delivering a quality finance function which suits our forward-thinking approach to the provision of legal services to our clients. Their processes work especially well for our very busy conveyancing team.”

**Gareth Jones, Practice Manager at
Easthams Solicitors Limited**



+ CONCLUSION

Today, outsourcing is not only helping law firms to make significant cost and time savings, but it is also leading to improvements in productivity and growth.

Crucially, outsourced legal cashiering is helping to relieve the massive compliance worry. But when it comes down to it, the most significant benefit of outsourced legal cashiering is that it frees up lawyers to focus on client work.

+ ABOUT THE CASHROOM

Pioneers in the evolving legal landscape, at The Cashroom, we supply you with high calibre, qualified and experienced legal cashiers - at a fraction of the cost of employing your own staff.

We also help you to unlock a huge range of additional outsourcing benefits.

For example, when you work with us, we will:

- > Save you money
- > Offer a fixed monthly fee, so you stay in control of your cash flow
- > Work with your existing practice management system (or provide recommendations where wanted)
- > Remove the burden while making sure you stay in control
- > Help to keep you compliant with industry rules and wider regulations
- > Facilitate and support your business growth
- > And more!

More than outsourced cashiering, we also offer management accounts and payroll support to law firms across the UK.

With trained lawyers on our team, and board members who were previously managing partners of their own firms (along with a chartered accountant), we also understand what it takes to run a successful legal business. And we share all this knowledge and expertise with you.

But we don't expect you to take our word for it. As well as having won multiple industry awards, we are also happy to supply references of current and former customers to give you all the peace of mind you need.

To find out more about how outsourced legal cashiering can help your firm to flourish, contact us.

+ CONTACT

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LEGAL CASHIERING**

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